

## Message Text

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ACTION EB-07

INFO OCT-01 CIAE-00 COME-00 DODE-00 NSAE-00 TRSE-00 EUR-12

ERDA-05 ISO-00 EA-06 ACDA-05 /036 W

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TO SECSTATE WASH DC 6299

C O N F I D E N T I A L SECTION 01 OF 03 OECD PARIS 08158

EXCON

E.O. 11652: XGDS1

TAGS: ESTC, COCOM

SUBJECT: COCOM LIST REVIEW IL 1519 - SINGLE AND MULTI-  
CHANNEL COMMUNICATIONS TRANSMISSION EQUIPMENT

REFS: A. COCOM DOC REV (74) 1519/1

B. COCOM DOC REV (74) 1519/2

C. STATE 64415

SUMMARY: OTHER DELEGATIONS, LED BY THE UK AND CANADA,  
AGAIN UNITED IN SUPPORT FOR THE LIFTING OF EMBARGOES ON  
(A) TELEPHONE EQUIPMENT TO THE LEVELS OF SOVIET CAP-  
ABILITY AND NON-COCOM AVAILABILITY AT 1920 AND 2700  
CHANNELS RESPECTIVELY AND (B) PULSE CODE MODULATION  
EQUIPMENT OF 32 CHANNELS OR LESS. THE US RESERVED ON  
THESE PROPOSALS IN FAVOR OF RETAINING LOW EMBARGO LIMITS,  
BUT PERMITTING EXPORTS UNDER ADMINISTRATIVE EXCEPTIONS  
NOTES WHICH UNDER FIXED CONDITIONS, ALLOW EXPORT  
LICENSING AT THE DISCRETION OF THE MEMBER COUNTRY. DIS-  
CUSSION CENTERED UPON DETAILS OF FORM IN ACHIEVING THESE  
DISPARATE OBJECTIVES. ACTION REQUESTED: REEXAMINATION  
OF EVIDENCE AND PREPARATION OF A FINAL US POSITION. END  
SUMMARY.

1. ROUND II DISCUSSION ON MARCH 24 OPENED WITH PRE-  
SENTATION OF A REVISED CANADIAN PROPOSAL (REF B, POUCHED  
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MARCH 24) BASED UPON THE FORMAT OF THE REVISION PROPOSED

BY THE UK IN (74)5. THE CANADIAN ALSO CORRECTED THEIR INTELLIGENCE TESTIMONY OFFERED IN ROUND I TO INDICATE THAT TWO FIRMS IN YUGOSLOVIA PRODUCING UNDER LICENSE FROM LM ERICSSON AND ITT INTERNATIONAL IN CONJUNCTION WITH BELL ANTWERP ARE PRODUCING 1800 CHANNEL AND 2700 CHANNEL CAPACITY EQUIPMENT RESPECTIVELY.

2. ALL DELEGATIONS EXCEPT GERMANY (WHICH RESERVED IN FAVOR OF 2700 CHANNELS) ACCEPTED (JAPAN AND ITALY AD REF) THE UK/CANADIAN HEADING (AT 600 KHZ) AND (I). THE US RESERVED ALONE ON (II) WHICH WOULD CONVERT PRESENT NOTE 3 (B) FROM AN ADMINISTRATIVE EXCEPTION TO AN EX-CLUSION. FRANCE DESIRED THAT THE US AUTHORITIES BE INFORMED THAT THE TV DISTRIBUTION EQUIPMENT IN QUESTION IS NOT SOPHISTICATED.

3. US RESERVATION TO PROTECT TECHNOLOGY ON (III) WHICH WOULD FREE UP TO 1920 CHANNELS BROUGHT FOR THE EXPRESSIONS OF DISMAY FROM OTHER COUNTRIES THAT THE US IS UNWILLING TO ACKNOWLEDGE INDISPUTABLE EVIDENCE OF BLOC CAPABILITY. UK EXPERTS RECALLED THAT THE US HAD ASKED IN ROUND I (PARA 31) ABOUT THE STATUS OF AN L M ERICSSON 2700 CHANNEL SYSTEM IN POLAND. THEY WISHED THE US DEL TO KNOW THAT THE SYSTEM HAS BEEN INSTALLED IN WARSAW AND IF IT IS NOT YET IN SERVICE IT WILL BE SO MOMENTARILY. A BRITISH FIRM WAS ASKED IN AUTUMN 1974 BIDS ON A 12 MEGAHERTZ SYSTEM FOR 5 OR 6 INTERCONNECTING STATIONS WITH MULTIPLEX. THE TERMS OF THE TENDERS INDICATED THAT THE NEW SYSTEM IS TO CONNECT WITH EXISTING SYSTEMS WHICH ARE OBVIOUSLY LARGE ONES. THE POLES ASKED ONLY FOR SUPER MASTER GROUPS (900 CHANNELS) AND MASTER GROUPS (300 CHANNELS) AND STATED THAT THEY DID NOT NEED ANYTHING ELSE FOR BUILDING UP THE INTER-CONNECTING EQUIPMENT BECAUSE THEY HAD AN EXISTING WIDE BAND SETUP AND NO PROBLEMS IN OBTAINING EQUIPMENT FOR IT. CANADA STRESSED AGAIN ITS ROUND I TESTIMONY; GERMANY POINTED OUT THAT EVEN THE UK/CANADIAN PROPOSAL IS NOT PRACTICAL AS FOR AS EUROPE IS CONCERNED BECAUSE RADIO LINKS ARE PRODUCED AT 900, 2700 OR 10,800 CHANNEL EQUIPMENT. UK AND OTHERS STATED THAT THE US TECHNOLOGY

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PROTECTION ARGUMENTS ARE NOT REASONABLE WHERE THERE IS NO QUESTION ABOUT EASTERN EUROPEAN PRODUCTION OF 1920 CHANNEL EQUIPMENT. JAPAN ALSO REERVED PENDING OPPORTUNITY TO STUDY ALL OF (A) AGAINST ITS OWN DESIRES TO FREE SUBMARINE CABLE EQUIPMENT.

4. THE US AGAIN RESERVED ON (IV) AS AN EXCLUSION ON THE GROUNDS THAT ONLY GOVERNMENTS RATHER THAN EXPORTERS

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THEMSELVES ARE COMPETENT TO JUDGE WHETHER A DESIGNATED CIRCUIT IS PERMANENTLY INSTALLED, UNDER CIVIL AUTHORITIES, ETC. HOWEVER THE US INDICATED THAT (IV) WOULD BE ACCEPTABLE AS AN AN. JAPAN ALSO RESERVED PENDING THE OUTCOME OF ITS PROPOSAL TO EXCLUDE THE WORDS: "...IS FOR OTHER THAN SUBMARINE CABLE USE..." NETHERLANDS REQUESTED AND RECEIVED AN AMENDMENT OF (IV) (2) BY ADDITION OF THE WORDS "FOR THE LONG DISTANCE DISTRIBUTION SECTION, AND A LIMIT OF 960 MHZ FOR THE LOCAL DISTRIBUTION SECTIONS OF SUCH A SYSTEM." THE EFFECT OF THAT CHANGE IS TO ALLOW FOR EXPORTS OF COMMUNITY ANTENNA AND CABLE TV SYSTEMS. IN SUMMARY, CANADA, UK AND THE US HAD MAINTAINED RESERVES ON THE INCLUSION OF SUBMARINE CABLE IN (IV) AND JAPAN COULD ACCEPT THE US POSITION FOR AN AN PROVIDED THAT SUBMARINE USE IS INCLUDED. ALL OTHER DELS INCLUDING CANADA REQUESTED THE US TO APPROVE (IV) AS AN EXCLUSION RATHER THAN AN ADMINISTRATIVE NOTE.

5. WHEN THE US RESERVED ON EXCLUDING (B), PULSE CODE MODULATION (PCM) OF 32 CHANNELS OR LESS, ALL DELEGATIONS INSISTED THAT THEIR EVIDENCE OF 32 CHANNEL PCM PRODUCTION IN HUNGARY, CZECHOSLOVAKIA, USSR, GDR AND POLAND IS UNIMPEACHABLE. US DREW ON INTELLIGENCE REPORT 9359

OF 14 NOVEMBER 1974 IN REBUTTAL. UK NOTED THAT THE US ARGUMENT IS NAIIVE IN HOLDING THAT 32 CHANNEL PCM IS CONFIDENTIAL

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HIGHLY STRATIGIC YET ACKNOWLEDGING THAT THE GDR IS EXPORTING IT TO INDIA. US EVIDENCE THAT 32 CHANNEL PCM IS BEING PRODUCED IN POLAND WITH WESTERN ASSISTANCE UNDERLINES THE FACT THAT PCM IS AN OLD TECHNIQUE AND, AS OTHER DELS HAD INDICATED, WAS BEING MANUFACTURED WITH UNEMBARGOED SEMICONDUCTORS AND, AT LEAST IN THE GDR AND OTHER EE'S IS IN OVERPRODUCTION BECAUSE THEY ARE EXPORTING IT. THE UK EXPRESSED ANNOYANCE THAT THE US HAS SO LONG IGNORED ALL OTHER PC'S ANALYSES. IN ADDITION UK EXPERTS EXPLAINED THAT THE SOVIETS HAVE GOOD REASON FOR USING 12 CHANNEL PCM BECAUSE IT IS ALSO IN DEMAND IN RURAL AREAS OF THE UK AND ELSEWHERE. IT IS AN ECONOMICAL TECHNIQUE FOR ADDING CAPACITY WHERE CABLES ARE OLD WITHOUT NEED FOR THEIR REPLACEMENT. ITALY FOOT-NOTED THE DISCUSSION BY POINTING OUT THAT NOKIA OF FINLAND, 30 PERCENT OF WHOSE PCM PRODUCTION IS EXPORTED TO THE USSR, HAD RECENTLY EXPANDED ITS PCM MANUFACTURERS. NOKIA PROVIDES LESS THAN 1 PERCENT OF THE COMPONENTS FOR ITS PCM AND THE REST ARE G-DEST WESTERN COMPONENTS. OTHER DELS ARGUED THAT THE US ARGUMENTS FOR PROTECTION OF TECHNOLOGY ARE INVALIDATED BY ITS AGE AND BY THE FACT THAT THE COMMUNIST COUNTRIES KNOW IT AND ARE PRODUCING PCM WITH UNEMBARGOED WESTERN COMPONENTS.

6. CANADIAN DESIRE TO DELETE NOTE 3 AND INCLUDE IT IN PRESENT NOTE 4 RECEIVED UNANIMOUS AGREEMENT WHEN THE US AGREED TO THE DELETION OF 3(A) AND IT WAS REALIZED THAT 3(B) WILL BE AUTOMATICALLY SETTLED WITH RESOLUTION OF SUBITEM (A). CANADA WITHDREW ITS PROPOSED AMENDMENT TO THE HEADING OF NOTE 4 WHICH WILL BE RENDERED UN-NECESSARY BY SETTLEMENT OF THE SUBITEMS DISCUSSED IN PARA FOUR ABOVE.

7. GERMAN (C) (3) HAD BEEN APPROVED BY THE US AND ITALY (AD REF) AS A NEW (C) TO NOTE 5. ITALY LIFTED ITS AD REF AS DID THE US AFTER HAVING FIRST ASSURED THAT ONLY SIMPLE EQUIPMENT HAVING NO IMPLICATIONS FOR PCM EQUIPMENT HAVING HIGH DATA TRANSMISSION NOTES RATES IS INTENDED.

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8. THE UK NOTE 3 PROPOSAL WAS DEFERRED PENDING RESOLUTION OF SUBITEM (A). UK NOTE 4 WAS BLOCKED BY THE SINGLE RESERVE OF THE US IN FAVOR OF ITS OWN PROPOSED NOTE 6. ITALY HAD CONCURRED (AD REF) IN THE UK PROPOSAL AND WITHDRAWN ITS OWN.

9. THE US NOTE 6 WHICH WOULD PLACE PCM UP TO 48 CHANNELS UNDER ADMINISTRATIVE EXCEPTION DREW ACCEPTANCE OF THE CUTOFFS BY FRANCE AND JAPAN, BUT THE LATTER RESERVED OUT OF CONCERN FOR THE RESTRICTION AGAINST SUBMARINE USE. AFTER STRONG OPPOSITION TO THE 48 CHANNEL CUTOFF; THE US AMENDED ITS PROPOSAL BY LOWERING THE FIGURE TO 32 CHANNELS AT 2.1 M BITS. THIS NECESSITATED DELETION OF THE LAST FOUR LINES OF (B) BEGINNING WITH "CALCULATED". ALL DELS RESERVED IN FAVOR OF EXCLUDING 32 CHANNEL PCM EQUIPMENT ON THE BASIS OF THE EVIDENCE REFERRED TO IN PARA 5 ABOVE. CANADA DESIRED EXCLUSION

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FOR 32 CHANNELS AND ADMINISTRATIVE EXCEPTION UP TO 128 CHANNELS OR 8.5 M BITS IN ACCORDANCE WITH COMMUNIST CAPABILITY AND EUROPEAN ITU STANDARDS.

10. JAPAN DEFERRED DISCUSSION ON ITS DESIRE TO REMOVE THE WORDS "...OTHER THAN FOR SUBMARINE USE..." FROM

NOTE 4.

11. THE UK REQUESTED RELIEF FROM THE 30 DAY NOTE PERIOD IN NOTE 4 AND WERE JOINED BY OTHER DELS WHO FELT THE WAITING PERIOD TO BE THE SOURCE OF SERIOUS ADMINISTRATIVE PROBLEMS. BUT BEYOND ADMINISTRATIVE PROBLEMS, THE OTHER DELS VOICED BELIEF THAT THE CUTOFFS UNDER THE CONDITIONS IN NOTE 4 ARE THEMSELVES CONSERVATIVE IN TERMS OF NON-COCOM AND BLOC AVAILABILITY. US REPRESENTATIVE AGREED AD REF TO DELETION.

12. ACTION REQUESTED: THAT SERIOUS CONSIDERATION BE GIVEN TO THE EVIDENCE PRESENTED BY OTHER DELS CONCERNING THE EXCLUSION OF TELEPHONE SYSTEMS EQUIPMENT TO 1920 CHANNELS AND PCM OF 32 CHANNELS OR FEWER- AND THAT AUTHORITY BE GRANTED TO LIFT AD REFS AND RESERVATIONS AS INDICATED.

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ELECTRONIC EQUIPMENT, EXCEPTIONS LIST, STRATEGIC TRADE CONTROLS  
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**Copy:** SINGLE  
**Draft Date:** 02 APR 1975  
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**Disposition Approved on Date:**  
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